19 37-38 **File No.** 1513/36

A CLASS

P.W. DEPARTMENT
m BRANCH

Subject:— Electric Licenses.

Procedure to be ~~adopted~~ adopted in dealing with the applications for—

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File No. 1513/36 m.

Std. Sectt. Slip 24-B

G.R., G.D., No. 2408, dated 22-6-22.]

Correspondence

DOCKET SHEET (B)

Subject :—

File No. 1513/36

Public Works **DEPT.**

Agg **BRANCH.**

References :—

Date.	To whom sent.	Notes and instructions.

PRESS NOTE.

With a view to protecting the interests of the consumers of electrical energy, the Government of Bombay is pleased to direct that every electric license to be granted hereafter shall be subject to the following conditions in addition to those usually imposed hitherto:-

(1) That from the net profits the allotment to the limited to 4 per cent, any surplus over this being distributed equally between:-

(a) the licensee (or the shareholders),
(b) the consumers,
(c) Government.

This limitation shall not however come into operation until 3 years after the date of the commencement of supply.

(2) That Government will have the right to nominate a Director on the Board of a Supply Company.

(3) That Government will appoint, or approve of the appointment of, an auditor to examine the annual statement of accounts of the undertaking under clause II of the Schedule to the Indian Electricity Act, 1910.

(4) That no license shall be transferable except to a Company which may bb floated for the purpose and then only on the basis of actual expenditure incurred by the licensee in securing the license and of any other capital ~~expenditu~~ expenditure incurred.

(5)That no license will be granted until the licensee has deposited with Government 20 per cent of the total estimated cost of the works, this amount being refunded to him in instalments from time to time according to the value of the materials purchased and work done.

(6) That special maxima rates for power to be supplie to agriculture and small industiries shall be laid down in every license; these rates being based on the cost of generation of such power.

(7) That the option of purchase given by Section 7 (1) of the Indian Electricity Act shall be exercisable fir

on .....

on the expiration of 30 years from the commencement of the license and thereafter on the expiration of every subsequent period of 10 years therefrom.

(8) That before granting a license to a Company, Government shall have the right to examine any agreement between the company and their Managing Agents, if any, and to require suitable modifications therein as a condition precendent to the grant of the license. A provision shall also be incorporated in a license granted to a Company that any agreement between the licensee and the Managing Agents shall be subject to the approval of Government. If the license is granted to an individual and it is afterwards sought to be assigned to a Company, Government will also then exercise control in a similar manner while granting the ~~nfq~~ necessary consent under Section 9(2) of the Act.

(9) That should a continuous supply of energy of a nature and an ~~amout~~ amount and at a point suitable to the purpose of the license be offered by any person or Government willing to enter into an agreement with the licensee to supply energy to him for a period of not less than 7 years at such a charge that any of the limits of prices to be charged by the licensee, could in the opinion of Government, be reduced below the limits fixed by the license, as it stands or as it may be subsequently amended, the licensee shall from such date, as Government may fix, enter into such agreement with such person or Government.

The decision of Government on the operation of this condition shall be final.

(10) That clause XI of the Schedule to the Act shall for the purpose of incorporation in the license be added to as follows:-

"Provided further that where an order in pursuance of Condition (9) above has been made, the maximum charges fixed by the licensee, or as it may be subsequently amended, shall be reduced by an amendment of the license to such extent as Governmeny may fix."

NOTIFICATION.
Fort St. George, 24th August 1937.
(G.O. Press No. 1735, Electricity).

No. 173.-

In exercise of the powers conferred by section 3(1) of the Indian Electricity Act, 1910, (as amended), the Government are pleased to sanction the grant of the licence printed as an appendix to these proceedings to the Udipi Electric Supply Corporation, Limited, for the supply of electrical energy in the area specified in the licence.

APPENDIX.

THE UDIPI ELECTRIC LICENCE, 1937.

LICENCE GRANTED BY THE GOVERNMENT OF ELECTRIC ENERGY GRANTED BY THE GOVERNMENT OF MADRAS UNDER THE INDIAN ELECTRICITY ACT, 1910.

Licence is hereby granted to the Udipi Electric Supply Corporation, Limited, to supply electrical energy in the area with the limits and upon the terms and conditions all specified below :-

1. Short title.- This licence may be cited as "The Udipi Electric Licence, 1937."

2. Interpretation.- This licence is to be read and construed as subject in all respects to the provisions of the Indian Electricity Act, 1910, with the statutory modifications thereof and to the rules thereunder, and the several words, terms and expressions, to which meanings are assigned by that Act or any statutory modifications thereof or by the rules thereunder or the General Clauses Act, 1897, shall have in this licence and the annexure thereto the same respective meanings, provided that the licence -

(1) The expression "The Act" shall mean the Indian Electricity Act, 1910, with the statutory modifications thereof.
(2) The expression "The Rules" shall mean the Indian Electricity Rules, 1937.
(3) The expression "The licensees" shall mean and include the Udipi Electric Supply Corporation, Limited, and their permitted assigns.
(4) The expression "The Government" shall mean the Government of Madras.
(5) The expressions "First Annexure," Second Annexure "Third Annexure," and "Fourth Annexure" shall mean the first, second, third and fourth annexures to this licence respectively.

(6) The expression "deposited map" shall mean the plans showing the area of supply, or the streets, or routes along which electric lines have or shall hereafter be laid, all hereinafter specified, which have been deposited with the Government in pursuance of the rules under the Act, and which plans are signed for the purpose of identification by the Secretary to the Government in the Public Works Department and by the applicants under the name and style of the Udipi Electric Supply Corporation, Limited.
(7) The expression "unit" shall mean the quantity of energy contained in a current of one thousand amperes flowing under an electro-motive force of one volt during one hour.

(8) The expression "load factor" shall mean the ratio or percentage of the average quantity per hour to the maximum quantity per hour of energy supplied in any month.

3. Commencement of licence.- The date of notification by the Government in the Fort St. George Gazette that this licence has been granted is in this licence referred to as "The commencement of the licence."

4. Security.- (a) The period within which under clause I(a) of the schedule to the Act the licensees shall show that.....

that they have available capital of Rs. 32,000 (thirty-two thousand) in actual cash and are in a position fully and efficiently to discharge the duties and obligations imposed upon them by this licence throughout the area of supply shall unless otherwise ordered by the Government under the clause be six months from the commencement of the licence.

(b) The period within which under clause 1(b) of the schedule to the Act the licensees shall deposit security and the sum so to be deposited shall unless otherwise ordered by the Government be six months and rupees three thousand respectively.

5. Area of Supply.- The area within which the supply of electric energy is authorised by this licence is the whole of the area, bounded by the Swarnandi river on the north, the boundary of the Revenue taluk of Udipi on the east, the Udiyavara Hole and the Shiva Hole on the south, the Arabian sea on the west and more particularly delineated in red on the deposited map.

Nothing in this licence shall be construed to prevent the Railway taking from the Government a supply of electric energy for their exclusive use within the area of supply.

6. Purpose of supply.- Subject to the provisions of this licence and the Act and the rules thereunder the licensees shall be entitled during the continuance of this licence to supply electric energy within the area of supply for all purposes:

Provided that any prospective consumer within the licensed area having a connected load of 100 h.p. or more may, if in the opinion of the Government it is deemed necessary, be supplied with electrical energy in bulk at high tension by the Government direct:

Provided that the licensees shall not without adequate notice being served on them be under any obligation under section 22 of the Act to supply more energy than is consistent with their obligation to maintain a constant supply to consumers due regard being had to the licensees' load factor and supply of energy from the Government when changed over :

Provided that no supply of energy shall be commenced until the licensees works have been inspected by the Electrical Inspector and passed by him in writing and until the Government have approved (i) the form of requisition to be made by the owners or occupiers of premises for supply of energy, (ii) the form of written contract or agreement with the licensees agreeing to take a supply of energy and (iii) all miscellaneous charges incidental to such supply, and also until the Government have been duly notified of the amounts of all retail rates actually to be charged to consumers for energy supplied for various purposes:

Provided further that every change in or addition to the rates shall be communicated to Government at least one month prior to its coming into force.

7. Systems of supply.- The systems, to be adopted for the supply and transmission of electric energy under this licence are following:-

(i) (a) A medium pressure alternating current 3-phase 4-wire supply at a pressure at the consumer's terminals of 400 volts (approximately) between phases and 230 volts between phase and neutral which shall be earthed at one point only on each separate distributing system and at a frequency of 50 complete periods per second.

(b) .....

(b) A high pressure alternating current 3-phase supply at a pressure of 11,000 volts between phases at a frequency of 50 complete periods per second.

(c) Extra high pressure alternating current 3-phase energy at any standard pressure approved by the Governmen and at a frequency of 50 complete periods per second may be transmitted between the generating station and one or more receiving stations.

(d) The neutral points of the high pressure systems may, with the approval of the Government and the concurrence of the Telegraph authority and the Railway authorities, be connected to earth:

Provided always that it shall be lawful for the Government from time to time to issue, with due regard to the circumstances involved and to the effect from time to time upon the commercial interests of the undertaking, regulations dealing with the above systems of supply or to authorise subject to such limitations and conditions as shall be prescribed in writing by the Government other systems of supply to be adopted for the purpose of this licence.

(2) The transmission lines, feeders, distributing mains and service lines may be overhead or underground in whole or in part, and shall be erected, constructed and maintained by the licensees in strict conformity with the Act and the rules thereunder and the following provisions:-

(a) The licensees shall not use overhead mains at any higher pressure than medium pressure higher pressure than writing of the Electrical Inspector in each case and subject to any conditions or limitations which the Electrical Inspector may prescribe.

(b) In the streets mentioned in the second annexure hereto or in any other streets which may at any time hereafter be named in writing by the Government all electric lines shall be laid underground.

(c) Where the transmission or electric supply line crosses or runs along the routes of talbot, temple car or similar religious processions, the wires shall be laid underground or at such height as will allow of the free and safe passage of passage of those processions. In case of dispute such routes and heights shall be determined by the District Magistrate.

(d) Posts for overhead lines shall not be erected in such portions of streets and throughfares where the clear width for vehicular traffic after the post is erected is less than 10 ft.

(e) In narrow lanes through which wheeled traffic is not permitted the posts shall be placedon the extreme edge of the lane and a special construction to be approved by the Electrical Inspector adopted to make the wires inaccessible from every building.

(f) In any street or its direct continuation in which overhead electric lines are run. Such lines shall except with the previous permission of the Electrical Inspector be run on one side only.

(g) Where overhead main carrying alternating current are used, due precaution shall be taken by the licensees to any possible interference with the adjacent telegraph or telephone circuits due to inductive effects.

(h) For the purpose of rule 63 of the Indian Electricity Rules, 1937, the maximum wind pressure shall be taken as 15 lbs. per square foot.

8. Compulsory works.- (a) The licensees shall lay down suitable and sufficient transmission lines, feeders and distributing mains and erect the generating station with all machinery and apparatus necessary for giving a continuous supply of energy and shall do all other works necessary for the commencement of the supply

and .....

and to the satisfaction of the Government throughout such streets or parts of streets as are mentioned in the first annexure and as indicated in black on the deposited map. In the case of difference between the description in the first annexure and as indicated on the deposited map the latter shall prevail . The licensees shall commence to execute the works aforesaid within twelve months from the commencement date of the licence and shall complete the same within three years thereof. The works aforesaid shall be in general accordance with the scheme mentioned in the fourth annexure and with such modifications as may be approved hereafter in writing by the Government.

(b) Further within twelve months of the receipt of the application and subject to the first provision of clause VI(1) of the schedule to the Act, the licensees shall lay down such suitable and sufficient additional transmission lines, feeders and distributing mains, as may be required to effect a supply to every applicant, village or community within the area having a demand of not less than 8,000 units per annum per mile of 11,000 volts line and 15,000 units per annum per mile of voltage greater than 11,000 volts.

(c) In addition to the streets mentioned the first annexure the licensees shall lay down further distributing mains to an aggregate length of one mile in each municipal town as may be directed by the Government within twelve months of the commencement of the supply in each town.

(d) If the licensees fail to comply with the above provisions or should, in the opinion of the Government, the progress made during any portion of the said period of three years be unsatisfactory, the licence may be revoked and the security furnished as per clause 4(b) above forfeited.

(e) The licensees shall submit reports to the Electrical Inspector every six months from the commencement of this licence until the completion of the compulsory works specifying all steps taken and the progress made in carrying into effect this licence.

9. Generating station.- (a) There shall be not more than two generating stations (preferably one) situated within the area of supply both to be closed down unconditionally any time after five years or such later date as may be decided by Government if in the meantime supply of electrical energy from a Government source has become available.

(b) Transmission lines from generating station.- For the purpose of conveying and transmitting energy, the licensees may, after an order in writing has been made by the Government conferring upon them such of the powers referred to in section 51 of the Act as may be necessary, and upon obtaining the general approval required by section 18 of the Act, place aerial transmission lines from the generating station to one or more receiving stations. The alignment of aerial transmission lines from the generating station and up to the one or more receiving stations shall be subject to the previous approval of the Electrical Inspector.

(c) The licensees shall employ a Resident Electrical Engineer in technical charge of the undertaking who in the opinion of the Government is qualified for the purpose.

(10) .....

10. Breaking up streets and railways and crossing of waterways.- (a) The licensees are hereby specially authorised to open and break up the soil and pavement of any future railways at such points and places to such extent only as shall have been previously approved in writing by the Government after the licensees have notified to the persons who are entitled to work the said railways and after all representations or objections received in accordance with any such notices have been considered by the Government.

(b) The length of the trenches to be opened on any street at any one time and the period for which they may remain open shall be determined from time to time by the Government or the local authority by which such streets are repairable. When any street is crossed not more than half the width of such street shall without the specific authority in writing of the Government or the local authority as aforesaid be closed for traffic.

(c) The licencees are further authorized to cross all rivers, streams and irrigation channels within or continuous to the area of supply in accordance with such conditions as the Government may impose.

11. Limits of prices to be charged in respect of supply of energy.- (a) The prices to be charged by the licensees for energy supplied by them shall not exceed those stated in that behalf in the third annexure or in the case of a method of charge approved by the Government in accordance with clause X of the schedule to the Act, such maxima as the Government may fix on approving the method; nevertheless the licensees may enter into special contracts, subject to sections 22 and 23 of the Act, for the supply of energy.

(b) Should a supply of electrical energy in bulk become available at any future date from a Government power system, the licensees shall obtain all their requirements from such a system or source of supply subject to the conditions of clause 9 within 12 months from the date from which notice is given by the Government that such supply is available.

(c) In the case where the energy is obtained from a Government power system, the licensees shall conform in regard rates and in conditions of working to such regulations as may be issued by the Government. If a bulk supply is obtained from a source other than a Government power system, the licensees shall reduce the rates charged to consumers and also the maximum specified in the third annexure of this licence to such extent as may be directed by the Government.

(d) The licensees shall provide and maintain in proper condition such suitable apparatus and establishment as from time to time may be prescribed or approved by the Electrical Inspector for examination, testing and regulating of meters used of intended to be used in connexion with the sale of energy.

12. Continuity of service.- It shall be the duty of the licensees to give to the nearest magistrate immediate and full information of any circumstances in which interruption of the supply may be apprehended as a result of civil commotion or disturbance of the public peace or any strike or lock-out of the nature specified in section 15 of the Trade Disputes Act, 1929.

13. Purchase of undertaking.- (a) The option of purchase given by section 7, sub-section (1) of the Act shall shall first be exercisable on the expiration of twenty years from the commencement of this licence and on the expiration of every subsequent period of seven years during the continuance of this licence. The percentage of the value to be determined in accordance with and for the purpose of sub-section (1) of section 7 of the Act of all the lands, buildings, works, materials and plants of the

licensees therin mentioned to be added under the second proviso of the sub-section to such value on account of compulsory purchase shall be fifteen per centum.

(b) In accordance with section 5, sub-section (2), clause (d) (ii) of the Act, it is hereby expressly declared that the generating station within the area of supply belonging to the licensees and to be used in connexion with the undertaking, or if there is no generating station within the area of supply but energy is bought from a hydro-electric or other source, then in that case the one or more receiving and distributing station to be used in connexion with the undertakingas also the unpaid balances if any of apparatus or wiring provided by the licensees on hire purchase shall form part of the undertaking for the purpose of purchase under section 6 or section 7 of the Act.

(c) During the period of notice prescribed in section 7(4) of the Act, all extensions and outlays of money debitable to the capital account of the licensees shall be subject to the previous approval of the Government.

14 . Variations from the schedule to the Act.- In pursuance of section 3, sub-section (2), clause (f) of the Act, it is hereby expressly declared that clause IX of the schedule to the Act shall be excepted from incorporation in this licence. Clause XI of the schedule to the Act shall also be excepted from incorporation in this licence to the extent that the prices charged by the licensees shall be fixed by the Government from time to time in accordance with clause 11 (c) of this licence and without reference to an Advisory Board.

15. Assignment of licence.- At any time after the commencement of the licence, the licensees may assign this licence or transfer the whole of their undertaking in respect of which this licence is granted (including all lands, building, works, materials and plant of the licensees) to a company formed or to be formed and registered in British India, having authority to take over the licence and the said undertaking as the case may be and to exercise the powers, and perform the obligations given to or imposed upon the licensees under this licence and the Act and the rules made under the Act and on such assignment or transfer the rights, powers and authorities, obligations and liabilities of the licensees shall be assigned and transferred to and shall be exercised by and shall attach to such company formed or to be formed as aforesaid:

Provided -

(1) that a complete statement of the terms of the proposed assignment is placed before the Government and that no charge on account of premium or in the case of an undertaking not earning a profit of good will shall be included in the terms of the assignment;

(2) that no assignment shall be made without the previous consent in writing of the Government.

16. Revocation.- If the licensees fail to comply with the provisions of any of the clauses hereof, the licence may be revoked.

FIRST ANNEXURE.
COMPULSORY LINES.

List of streets or parts of streets in which the licensees are to lay down suitable distribution mains for the purpose of supply of electrical energy.

1. Karkal Road from Kalyanka to milestone 0/6 near culvert.
2. Kalyánpur Road from Kalyanka up to milestone No. 38.

3. Galpo Road from Kalaniya to a distance of 5 furlongs from Kalaniya.

4. Coast Road from Kalaniya to temple square.

5. Temple square.

6. Coast Road from temple square up to milestone 36.

7. Telegraph Office Road up to Mission Hospital.

8. Post Office Road.

9. Padagatt street.

10. Kadekopla Road.

11. Munsif's Court Rear Road.

12. Ajarkad Road No. I.

13. Ajarkad Road No. II.

14. Lallubhai Road up to Bombay Life Insurance Company's office.

15. Cross Road No. II.

16. Cross Road No. I.

17. Ajarkad Road No. III.

18. Ambalpadi Road up to Adaar Katt.

19. Pentland Bungalow Road.

20. Kadabetu Road.

21. Prabhakara lane.

SECOND ANNEXURE.

List of streets or parts of streets wherein all lines shall be laid underground.

Temple square streets only.

TARIFF CHARGES.

The licensee shall be entitled to charge consumers the following rates :-

Domestic purposes.

(a) Lights, fans and small apparatus of less than 1.h.p. - 6 annas per unit.

This is subject to a minimum monthly charge of Rs. 3 for a single phase service and Rs. 5 for a polyphase service.

(b) Heating and cooking when catered separately - same as industrial power ; the hours of restriction shall not apply.

Industrial purposes.

Power used during the hours of 11 p.m. to 5 p.m. subject to a monthly minimum charge of Rs. 5 per KW of maximum demand (maintained for more than 15 minutes).

For .....

For the first 2,000 units a month - 2 annas per unit.

For the [illegible] next 3,000 units a month - 1.50 annas per unit.

For the rest at - 1.25 anna per unit.

For power used during the restricted hours of 6. p.m. to 11 p.m. a surcharge of 25 per cent may be made.

For a mixed load of small power, lights and fans, 3 annas per unit, provided that a consumption of 600 units per month is guaranteed.

Agricultural uses.- For not less than 5 horse-power connected - one anna per unit.

No monthly minimum but annual guaranteed consumption of power shall not be less than that equivalent to Rs. 15 per horse-power connected, otherwise the balance will have to be paid.

Bazaar lamps.- Energy required by Bazaar shops. Rs. 2-8-0 per month per 40-watt lamp, burning for not more than 5 hours per day. Lamps burning for more hours or of larger wattage, proportionate rates.

Public bodies.- Energy required by local authorities for public supply. A charge of 3 annas per unit during the restricted hours and 2 annas less between 1 a.m. and 5 p.m.

[illegible]

The generating plant shall consist of at least two units aggregating not less than 100 K.W. capacity.

G. SCOTT MOIR,
Secretary to Government.

OFFICE OF
THE ELECTRICAL ENGINEER TO GOVERNMENT,
P.W.D. OFFICE, CHURCH GATE STREET:
Bombay, 1st July 1937.

In reply please quote without fail No. LRm 31/966 of 1937.

From

THE ELECTRICAL ENGINEER TO GOVERNMENT,
Public Works Department,
Bombay;

To

The Secretary to Government,
Public Works Department,
Bombay.

Sir, Re:- Procedure to be adopted in dealing with the applications for licences for supply of electrical energy.

In view of the number of persons applying for licenses with no definite finance, I suggest that the following procedure be adopted in order to ensure that licenses are granted to persons of proper financial status; as also the works to be carried out do not suffer for want of funds:-

(1) All applications received for a license for the same area should be held by Government until the expiry of the three months' period from the date of the first application, after which they be sent to the Commissioner concerned for being referred to the local authority to be placed before, and voted on, by the Local Board, or Municipality.

(2) On receipt of objections and opinions of the Local Board, or Municipality, and the Commissioner, a suitable applicant should be selected in consultation with the Electrical Engineer to Government and the actual grant of the license not proceeded with, unless the selecte applicant agrees to deposit with Government the amount of capital required for the scheme as estimated by him and confirmed by the Electrical Engineer to Government, the

amount --------

amount so deposited being treated as the security deposited under Clause I(b) of the Schedule to the Indian Electricity Act, 1910. On the license being sanctioned and the works commenced, the licensee may withdraw from the deposit from time to time such amounts as may be required to meet the cost of the works carried out, or for materials purchased.

I have the honour to be,

Sir,

Your most obedient servant,

Sd/-

Electrical Engineer to Govt.

(M.B.) Submitted.

2. The procedure hitherto followed in dealing with applications for the grant of an electric license is as stated below.

3. The draft license published by the applicant in a local newspaper is re-published in the B.G.G. and a copy of the Notifcn. is soon after forwarded to the Commr. concerned for remarks, after consulting the local authorities concerned. Other interested parties, if any, such as the Ry. admn. Mily. authorities etc. are also consulted at the same time. If any rival applicn. or applicns. are recd. for the same area of supply, they are dealt with in the same manner. As a rule, Govt. do not now-a-days entertain applicns. which are recd. after 3 months from the date of advertisement of the first applicant. On receipt of the objections & suggestions and the Commr's report, a decision is first arrived at, if there are more than one applicants, as to which one of the applicants the license should be granted. After this decision is reached, the papers relating to the selected applicant are forwarded to the El. Engr. to Govt. for submitting a revised draft of the published license. The revised draft, when recd., is scrutinised in this office and by the R.L.A. and is then forwarded to the applicant for acceptance. On the applicant accepting the draft, final orders re: the grant of the license are issued.

4. The El. Engr. to Govt. now suggests that all applicns. recd. for a license for

the same area should be held up by Govt. until the expiry of the three months' period from the date of the first applicn., after which they may be sent to the Commr. for being refd. to the local authorities concerned and on receipt of the opinions of the local authorities and of the Commr., a suitable applicant should be selected in consultation with him. The procedure suggested by the El. Engr. to Govt. seems to be more suitable than the one hitherto followed, although it will entail some delay in the grant of the license, as Govt. will note in that case be taking any action on the application for the first three months, beyond republishing the draft license in the B.G.G. Instead of referring each application separately to the Commr., it is however desirable that all applications for the same area os supply should be sent to him together, so that they may come up for consideration before the local authorities at the same time and facilitate the disposal of the case both in the Collr's. and Commr's. offices. Orders are accordingly requested whether the procedure suggested by the El. Engr. to Govt. may be followed hereafter.

5. The El. Engr. to Govt. further suggest that the actual grant of the license should not be proceeded with, unless the selected applicant agrees to deposit with Govt. the amount of the capital reqd. for the scheme and that on the license being

sanctioned .....

sanctioned, he may be allowed to withdraw from the deposit, from time to time, such amounts as may be reqd. to meet the cost of the works. It may be stated in this connection that it is not always necy. that the promoter of a scheme should have his own finances. One person may supply brains and another the necy. finance and both may thus contribute to the success of the scheme. In various instances in the past, enterprising persons have obtained licenses from Govt. and subsequently assigned them with the consent of Govt. to Joint Stock Coys. It is very unlikely that the promoter of a scheme could secure the necy. finance, before the license is actually granted to him. The objection of the El. Engr. to Govt. is likely to place unnecessary restriction on the development of electrical industry in this Presy. and it is for consideration whether it should be accepted by Govt. At present Govt. take a deposit of Rs. 2,000 from the licensee for the satisfactory execution of the works. At the most, the limit of this deposit may be raised to say Rs. 5,000 or even more in doubtful cases and the deposit may be taken before the license is actually granted. The point is however for orders.

I/-
20/7/37
26

I have discussed this case with the Electrical Engineer to Government.

I am strongly in favour of his proposal that all applications ~~for licenses~~ for a license relating ---

relating to the same area or approximately the same area should be held up by Government until the expiry of the statutory period of three months from the date of publication of the first application after which they should be sent in a batch to the Commissioner concerned who should be instructed to get the local authorities viz. the District Local Board and/or Municipality to vote formally on the issue and to forward the text of their resolution along with his own recommendations to Government. At present all applications are considered piece-meal with the result that the local bodies and the Commissioner have to examine the position over and over again. The examination of all the applications in a batch would facilitate comparison between the terms offered by the various applicants as well as determine and fix the mind of the local authorities in favour of one or other applicant. No applications received after the expiry of three months from the date of the 1st application will be considered. I think this has practically been decided on. As regards the 2nd proposal of the ~~Electri-~~ Electrical ~~cal~~ Engineer it may be mentioned that it is in the practice in the C. P. for an applicant selected for the grant of a licence to deposit with Government the amount of capital required for the scheme, the amount so deposited being treated as a security deposit and being drawn upon as the work proceeds.

I fully agree.
Id/-
10/8.

I agree.
Id/-
10/8.

+ vide papers slipped A.
Returned personally to the [redacted]. Head clerk to the Electrical Engineer to the Govt. on 16-9-37
SD

It .....

I have not come across any case of such an adventurer. If a license holder disposes (with the sanction of govt.) of his license he is entitled to some profit to repay him for the trouble taken in securing the license and in initiating the development.

Id/-
10/8.

It will be excellent I think to introduce the same procedure in this Presidency with a view to keeping out those adventurers who hope to make money not from the undertaking itself but by the subsequent sale or assignment of the ~~licence~~ license to a second party. The apprehension expressed in the office note that the promoters of schemes who are financed by others will be handicapped is finally selected for the grant of a license but before the formal grant is actually made.

Id/-
9/8.

D.S.

Margin P. 6 -

Secy.

I am not keen on the second proposal. I do not think it is necessary and it would increase the work in govt. offices from accounting. It would also be liable to restrict licenses to large capitalists who could afford to put up the whole capital cost straight away. If a licensee has financial backing, and not necessarily the ability to deposit the capital cost on sanction being given to the license, that seems all that is required. A license might be called on to satisfy govt. that he has the necessary financial backing.

Id/-
10/8/37.

(H.B.) Resubmitted

2. a draft memo to the El. Engr. to Govt is put up for appl.

Id/-
4/9/39.

1513/36.

No. 1513/36-M.
P.W.D., B.C., 4th Sept. 1937.

Memo.

Subject:- Procedure to be adopted in dealing with the applications for licenses for the supply of electrical energy.

The S.E.P.C. to the El. Engr. to Govt. and with ref. to his letter No. L.R.M. 31/966 dated 1-7-37 on the subject mentioned above, is directed to state that the procedure suggested by him in the matter of dealing with applications for the grant of electric licenses is approved, subject to the remarks made below.

2. Govt. do not consider it necy. that the selected applicant should be reqd. to deposit with Govt. the amount of the capital required for the scheme, as it would increase the work in Govt. offices from accounting and would also be liable to restrict the grant of the licenses to large capitalists who could afford to put up the whole capital cost straight away. In the opinion of Govt. it would be enough if a licensee has financial backing and not necessarily the ability to deposit the capital cost on the sanction being given to the license. A licensee might be called upon to satisfy Govt. that he has the necessary financial backing

By order of the Govt. of Bombay.

Id/-
4/9/37.

Id/-
10/9.

Extract paras. 2 & 4 of memo. No. L.59/1782, dated the 20th Sept. 1937 from the El. Engr. to Govt. in file No. 9937/27 reg. Ratnagiri Electric Licensee.

2. This is a case similar to that of Kalwan in which the license was revoked, ~~wx~~ owing to the licensee's inability to finance the undertaking.

X X X X

4. It was, in view of this case and that of Kalwan, that I had recommended Government to introduce a system in which future licensees should be required to deposit with Govt. the estimated amount of the undertaking. In my opinion, the situation will not improve, unless such deterrent steps are taken. Before the license was granted to Mr. Wadkarny, his financial standing to carry out works had been enquired into and it was at that time found that he had a strong financial backing. It is requested that Govt. reconsider their decision contained in para 2. of Govt. Memo., P.W.D. No. 1513/36, dated the 11th September 1937.

X X X X

Id/-
10/11/37.

OFFICE OF

THE ELECTRICAL ENGINEER TO GOVERNMENT,

P.W.D. OFFICE, CHURCH GATE STREET:

Bombay, 21st October 1937.

In reply please quote without fail No. LRm 31/2141 of 1937.

From

THE ELECTRICAL ENGINEER TO GOVERNMENT,

Public Works Department,

Bombay;

To

The Secretary to Government,
Public Works Department,
Bombay.

Sir, Subject:- Procedure to be adopted in dealing with the applications for licenses for the supply of electrical energy.

With reference to Government, Public Works Department, Memorandum No. 1513/36-W, dated the 11th September 1937, I desire to stress the difficulty experienced by this office with inefficiently managed supply companies, owing to lack of proper finance and also lack of sufficient engineering knowledge to run the concerns efficiently.

2. I would instance the supply company at Bagalkot, the license for which was originally granted to Mr. N.D. Nerurkar who had not sufficient funds to carry out the construction work, and assigned it to Messrs. Gugwad & Company, who invested their money in the belief that the undertaking would rapidly develop and would be a paying concern. No proper engineer was employed for erecting the works, with the consequence that they have been a continual source of trouble to this Department and to the Company itself.

3. We are at present having trouble with the Kapadwanj Electric Supply Company, as also the pandharpur Electric Supply Company, which are working under similar circumstances to.....

to Bagalkot, with the result that the consumers are dissatisfied.

4. I would also instance the Malwan and Ratnagiri Electric Supply Companies; the former was granted to a man who had no finance and who dissipated the money he received from his financial backers. The latter license was given to a man who had no engineering knowledge; consequently, his financial backers would not come forward with the necessary funds, as they were dissatisfied with the method of conducting the preliminary negotiations for the undertaking.

5. In the case of Talegaon, the licence was granted to a man who, although he had engineering knowledge, and no finance, and his financial backer desires that the license be assigned to him as soon as the concern has been started up.

6. In the case of Igatpuri, the license has been granted to a man who is obtaining his funds from the local residents.

7. In view of the above, the attention of Government is drawn to the procedure at present in practice in the Central Provinces and Berar. Copies of agreements under licenses --- issued for Jeoni, Burhanpur and Katni - and Bilaspur are enclosed, from which it will be seen that Government require deposits in cash which are returned to the sanction holders from time to time in accordance with the payments to be made.

8. A copy of a license granted by the Government of Madras for Udipi is also enclosed, from which it will be seen that a sum of Rs. 32,000/- in actual cash is required by Government to be deposited with them. The same represents one-third of the entire cost of the scheme.

9 .....

9. It is, therefore, requestes that Government will be pleased to reconsider this office letter No. L.R.M.31/966 dated the 1st July 1937, in the light of the above.

I have the honour to be,

Sir,

Your most obedient servant,

Sd/-

Electrical Engineer to Government.

OFFICE OF

THE ELECTRICAL ENGINEER TO GOVERNMENT,

P.W.D. OFFICES, CHURCH GATE STREET :

Bombay 9th November 1937.

In reply please vithout fail No. LRm.31/2294 of 1937.

From

THE ELECTRICAL ENGINEER TO GOVERNMENT,

Public Works Department,

Bombay :

To

The Secretary to Government,
Public Works Department,
Bombay.

Sir, Subject:- Procedure to be adopted in dealing with the applications for licenses for the supply of electrical energy.

In continuation of this office No. LRM-31/2141 dated the 21st October 1937, I have the honour to state that most of the prospective suppliers, when they apply for a license, are unmindful of the fact as to whether they have sufficient funds to finance the undertaking. When the question of their financial capacity is raised, they produce letters of promised financial help from well-to-do persons or merchants. After the license is actually granted, they begin to collect funds or try to form a company, which results in considerable delay in starting the works and completing them for commencing supply. I propose that it should be specifically stipulated in future licenses that no consent of Government will be given to the assignment of the license to any person or company formed or to be formed, until the works have been completed satisfactorily and a supply of energy commenced.

It .....

It is also suggested that Government should adopt a policy not to give consent to the assignment of licenses until the works are completed, in so far as the newly sanctioned licenses are concerned.

I have the honour to be,

Sir,

Your most obedient servant,

Sd/-

Electrical Engineer to Govt.

(H.B.) Submitted with Srl. No. 20614.

2. Srl. No. 20614. Pl. see the El. Engr. to Govt's letter dated 1-7-37, in which he made certain suggestions re: the procedure to be adopted in dealing with the applicns. for the grant of electric licenses. One of the suggestions made was that the selected applicant should be reqd. to deposit with Govt. the amount of the capital reqd. for the scheme. This suggestion was not accepted by Govt. for the reasons stated in para.2. of G.M. No. 1513/36-M, dated 11-9-37. The El. Engr. to Govt. now requests that the matter should be reconsidered in the light of the facts stated in his letter dated 21-10-37. It may be stated in this con. that H.M., F.D. has proposed certain conditio to be included in future licenses and they are being considered separately in file No. 1932/36. The whole question has to be discussed in a conference later as suggested by H.M. The suggestion made by the El. Engr. to Govt. in the matter of taking deposits may perhaps be considered further along with other suggestions at the Conference.

3. With reference to para 8 of the El. Engr's letter dated 21-10-37, it may be pointed out that according to clause 4 (a) of the Udipi El. ~~Ex-Kuccheca~~ License 1937, granted by the Madras Govt. the licensees are only reqd. to show within six months from the commencement of the license that they have available capital of Rs. 32,000 in actual cash. The amount to be actually deposited with Govt. is only Rs. 3,000 vide clause 4

(b).....

(b) of the license.

4. Srl. No. 22003. The suggestion made by the El.Engr. to Govt. in his letter dated 9-11-37 in the matter of giving consent to the assignment of the license may also be considered in the Conference refd. to in para. 2 above.

Id/-
12/11/37.

The El. Engr. suggestion may be considered at the Conference proposed to be held to formulate govt's. policy in regard to electric licenses.

Id/-
14/11.

1513/36.

P. W. D.

M.B.

Resubmitted.

2. The decision as regards the policy to be followed in respect of electric licenses has since been arrived at the Conference refd. to in the Dy. Secy's note dt. the 13-11-37 and a Press Note on the subject has already issued. Conditions (4) & (5) in the Press note are apposite so far as the suggestions contained in the El. Engr. to govts. letters dt. the 21-10-37 and 9-11-37 are concerned. These papers may be recorded after w.o.r. to the El. Engr. to govt.

Id/-
30/3/38.

Id/-
31/3/.

Dy: Secy.

W. O. r. to the El. Engr. to Govt. of 8th April 1938.

Below U.O.R. No. 1513-36/dated the 1st April 1938, from Government in the Public Works Department.

No. LRM 31/33 of 1938.
Bombay, 5th April 1938.

Seen and returned, with compliments.

Sd/-

Electrical Engineer to Govt.

SLK/2-5-56.
4.

Delhi
31/5/56